RRFB Nova Scotia

New Journeys 2005 Annual Report

New Directions

2005 MOBIUS ENVIRONMENTAL AWARD WINNERS

Every year, RRFB Nova Scotia celebrates the energy and ingenuity of Nova Scotians who help make Nova Scotia a leader in waste reduction, recycling and composting. Here are the 2005 Mobius Environmental Award winners:

Business of the Year
Scotian Gold Cooperative

Small Business of the Year
Chanterelle Country Inn

Institution of the Year
Dykeland Lodge Nursing Home

Innovation in Waste Reduction
Re-cover Journals

Waste Management Education
Halifax Regional Municipality

Individual Excellence in Waste Management
Lonie Ferguson

Municipality of the Year
Municipality of East Hants

ENVIRO-DEPOT™ of the Year
Subway Bottle Exchange

Tire Retailer of the Year
Valley Tire Limited

Hauler of the Year
Kilkare Transport Limited

School of the Year
St. Andrews Consolidated School

Best Community-Based Project
Canadian Diabetes Association

Volunteer of the Year
Greg Thomas

Industry Steward of the Year
Rechargeable Battery Recycling Corporation

Waste Reduction: The Journey Continues

Since 1996, when Nova Scotia adopted a new strategy to manage solid waste-resources, Nova Scotians have supported municipal and provincial programs that divert upwards of 50% of our waste from disposal. That means half the waste once buried in landfills is now being reused, recycled, composted – and turned into new products and materials.

In the past year, diversion of solid waste in the province has declined to around 42%. Although Nova Scotians have actually increased their recycling and composting efforts, the growing amounts of non-recyclable packaging – plus large disposal items like construction and demolition waste – have increased the volume of materials ending up in our landfills. RRFB Nova Scotia will continue to work with its many partners to find new ways to increase waste diversion rates across the province.

In fiscal 2005, RRFB Nova Scotia-funded programs diverted the following materials from disposal:

BEVERAGE PROGRAM

- Containers on which deposits were received: 311.7 million (307 million in 2004)
- Redemptions: 246 million containers (241.4 million in 2004)
- Recovery rate: 79.3 % (78.6 % in 2004)

TIRE PROGRAM

- Tires collected: 805,000 (913,000 in 2004)
- Tire recovery rate: 72.4 % (82.17% in 2004)

PAINT PROGRAM

- Containers sold: 2.28 million (2.34 million in 2004)
- Containers collected: 271,000 (192,000 in 2004)
- Paint collected: 302,000 litres (259, 000 litres in 2004)
- Used paint container recovery rate: 11.5%
- Non-program materials: 25,000 containers (22,000 in 2004)

MUNICIPAL PROGRAMS

- 79,000 tonnes of organic waste diverted through residential, commercial and institutional collection at municipal composting facilities
- 1820 derelict vehicles removed from roadsides and properties around the province
- hundreds of illegal dumpsites cleaned up

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RRFB NOVA SCOTIA FUNDING AT A GLANCE DECLARATION FORM

1 [X] Diversion Credits [X] Funding [X] Private-sector projects [X] Education [X] Stewardship [X] Innovation [ ] [ ]
* Registrable / Sujets à l'enregistrement

2 $6.8 million (61% of net revenues) to Nova Scotia's 55 municipalities for diversion credits and funding for local recycling, composting and other programs

3 $96,000 to private-sector projects to support environmental entrepreneurs and encourage innovations in waste reduction

4 $1.4 million to educate Nova Scotians and build ongoing support for environmental action

5

Telephone Number
Numéro de téléphone

Message from the Chair

There is a point in every journey when you need to take stock of where you've been, and where you're heading. You need to take time to pay tribute to past achievements and then seek new milestones to mark progress towards your destination.

Since it was established in 1996, RRFB Nova Scotia has travelled a very successful path. Working with many dedicated partners, RRFB Nova Scotia has helped make our province a world leader in solid waste-resource management. Our accomplishments are many. In 2000, we became the first province in Canada to reach 50% waste diversion. And since 1996 we have recycled more than 1.7 billion beverage containers and 6.1 million tires. RRFB Nova Scotia has also remained financially viable and accountable to Nova Scotians.

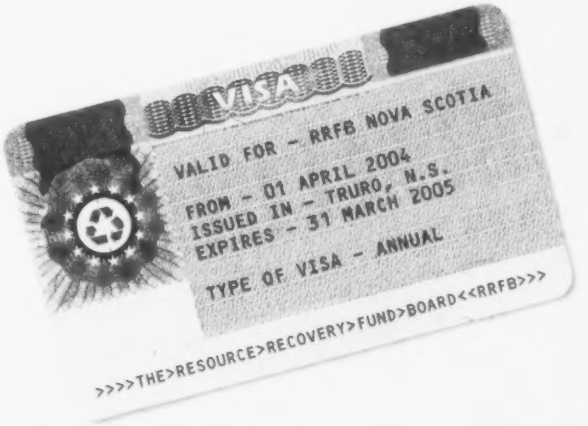
We've covered a lot of ground, thanks to the extraordinary commitment shown by Nova Scotians to protect the environment and turn solid waste into opportunities. Recycling and composting have become a way of life for communities in Nova Scotia. These efforts have made a significant impact on our environment and economy. Indeed, a recent study by Genuine Progress Index (GPI) Atlantic concluded Nova Scotia's method of handling solid waste is reducing air pollutants, cutting energy consumption and saving taxpayers money.

In fiscal 2005, RRFB Nova Scotia reached a crossroads. With the departure of our Chief Operating Officer came a fresh focus on renewal and future direction. This past year was a time to re-group and concentrate on setting longer-term goals while also maintaining our core mandates and operations.

The key markers detailed in this year's annual report lead the way to a stronger, more forward-looking RRFB Nova Scotia. A new agreement on handling fees with ENVIRO-DEPOT™ operators. Increased participation in municipal programs and public education events. Continued innovations among entrepreneurs and industry. These are important signposts along the way.

As we continue down the road, we must ensure RRFB Nova Scotia has a more proactive role in developing solid waste management policies with its government partners. We need to reach out to the business community to create new value-added products from waste and promote increased stewardship of our valuable resources. We need to build on successful education programs with our municipal and education partners to ensure Nova Scotians remain engaged and passionate about recycling and composting. And we must continue to build positive relationships with ENVIRO-DEPOT™ owners whose operations are one of the driving forces behind RRFB Nova Scotia's past and future successes.

A diverse board of 12 directors guides the efforts of RRFB Nova Scotia and plays a vital role in maintaining a strong governance structure. These successful business, government and environmental leaders know from experience what it takes to build successful policies and programs. One of their key tasks in the coming year will be to help RRFB Nova Scotia develop a long-term strategic plan that keeps us ahead of the waste management curve. I am privileged to work with such a dedicated board. RRFB Nova Scotia is fortunate to be supported by a team of approximately 25 staff who are very dedicated and knowledgeable. Our staff continues to provide the day-to-day leadership required to manage our business. I am impressed with their perseverance and personal commitment to our customers and other stakeholders.


VISA
VALID FOR - RRFB NOVA SCOTIA
FROM - 01 APRIL 2004
ISSUED IN - TRURO, N.S.
EXPIRES - 31 MARCH 2005
TYPE OF VISA - ANNUAL
>>>>THE>RESOURCE>RECOVERY>FUND>BOARD<<RRFB>>>

We look forward to another successful year of building relationships with Nova Scotia Environment and Labour, the province's 55 municipalities, 900 tire retailers, 84 Enviro-Depots and all Nova Scotians to protect and enhance our environment.

On behalf of RRFB Nova Scotia, I am proud to present our ninth annual report, for the fiscal year ended March 31, 2005.

Rick Ramsay

Chair

MANDATE 1

Fund Municipal or Regional Diversion Programs

Travel through Nova Scotia's back roads and communities and you'll quickly realize much of the serious environmental action happens at the municipal level. It's where volunteers, householders, environmental groups and others combine their energy and creativity to tackle recycling and composting issues head-on.

In fiscal 2005, RRFB Nova Scotia distributed nearly $8.2 million, or 72% of net revenues, to the 55 municipalities across the province. The funding contributed to waste diversion programs, municipal approved programs, education and awareness contracts, derelict vehicle removal and household hazardous waste disposal.

ACTION PLAN 2004-2005

- Pay a minimum of 50% of net revenues to the municipalities or regions based on the amount of solid waste that they divert from disposal.
- Seek out new opportunities to increase net revenues for distribution.

Region 1 – Cape Breton

This year, the Cape Breton Solid Waste-Resource Management team continued its commitment to increase education programs. The region aired Recycle Right commercials – an effective campaign that won a national Retail Commercial Award for a second year. A one-day environmental conference took place in partnership with the Strait Regional School Board and Eastern Region. Workshops were provided on composting and how to start an environment club.

There were more visual waste assessments within the Industrial, Commercial & Institutional sector to assist businesses and schools. Cape Breton Regional Municipality introduced vermicomposting to several businesses and schools. Inspections and residential education visits continued in Victoria, Richmond and Inverness counties.

Region 2 – Eastern

The Eastern Region Solid Waste-Management Committee participated in the Adopt-a-Highway Program and hosted their first Household Hazardous Waste Days at a new facility in Guysborough, built with financial assistance from RRFB Nova Scotia. The Municipality of the County of Antigonish purchased 10 "roll-off" containers – with funding from RRFB Nova Scotia – to help residents recycle larger waste items. The Town of Antigonish conducted curbside audits and surveys to help improve the Town's waste management program and worked with the construction industry to ensure appropriate building materials are recycled or reused.

Five summer camps in Pictou County "went green" with new organic collection carts, signage and educational materials. In the fall, Pictou County initiated a program to educate quick-service restaurant owners, employees and patrons about proper waste sorting, recycling and composting practices.

EAST HANTS' EFFORTS DRIVE DIVERSION RATES UP

With a population of nearly 22,000 spread over 1900 square km, you'd think reducing waste would be a major challenge. Not so with the Municipality of East Hants. With one of the highest diversion rates in the province – at 61% – East Hants has raised the bar. The region diverts scrap metal and other materials that otherwise would end up in the landfill. The municipality also offers waste reduction education and collection services to small businesses, institutions and schools. To encourage recycling and diversion, landfill tipping fees are reduced for recyclable and organic materials – which makes recycling and composting good for the environment and business. East Hants won RRFB Nova Scotia's 2005 Mobius Environmental Award for Municipality of the Year.

Quick-service restaurant owners and patrons across Nova Scotia learned how to reduce waste, recycle and compost.

Region 3 – Northern

Colchester's Material Recovery Facility installed a new "bag buster" to increase efficiency on the recycling sort lines and improve the recyclability of plastic film. Colchester's compost facility gave out 75 metric tonnes of free compost to local residents. The Municipality of Colchester continued to enhance communities by picking up 10,000 kg of garbage from roadsides, cleaning up 14 illegal dumpsites and removing 50 derelict vehicles.

Colchester's compost facility produces quality compost for residents.

Region 4 – Halifax Regional Municipality

As part of its continued commitment to waste reduction, Halifax Regional Municipality (HRM) installed new source-separation bins in municipal parks throughout the Capital District. The bins, made from recycled plastic milk jugs, allow residents and visitors to separate organics, recyclables and waste in public areas.

This year, five neighbourhoods in HRM were part of a study to measure recycling participation rates and the effectiveness of education in changing people's behaviour. The study found that most HRM residents separate waste materials properly – and participation is linked to how educated householders are about recycling and composting. Public education is clearly something HRM does well. The Municipality won the 2005 RRFB Nova Scotia Mobius Environmental Award for Waste Management Education.

Region 5 – Annapolis Valley

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This past year, the Valley Region focused its efforts on compliance of source-separation regulations. Valley Waste-Resource Management hired a Waste-Resource Inspector – with the help of RRFB Nova Scotia funding – to inspect curbside collection in commercial and residential areas. Businesses and householders have been responsive, and the program increased source-separation quality. Valley Waste contracted a formal review of the region's two transfer station facilities, surveyed public perceptions of regional Waste-Resource Management programs, and evaluated communications efforts. Review results will help guide the region's planning and operations for the next five years.

Region 6 – South Shore and West Hants

Managing public waste was a central focus this year. Thirty-two new sorting bins – funded by RRFB Nova Scotia – were placed in high traffic and waterfront areas throughout the 11 municipalities. The bins help sort waste into the proper streams and demonstrate the value of recycling to the public. Each sorting "station" is made in Canada from 100% recycled milk jugs – a rugged plastic that makes the units attractive and durable.

Region 7 – Western

In fiscal 2005, the region's Waste Check authority conducted an ambitious project that identified over 100 illegal dumpsites in the region. With funding provided by RRFB Nova Scotia, these sites were assessed and mapped in preparation for Phase II of the project, which will set priorities for cleaning up these sites. Last summer, Waste Check visited 600 seasonal residences to promote regional waste programs and increase waste diversion. A video on sorting waste was also produced – in English and French – by local students. The video is being used as an educational tool in the region and has aired on local TV stations.

MANDATE 2

Develop and Operate a Deposit-Refund System for Beverage Containers

Nova Scotia's 84 Enviro-Depots are much more than just another roadside stop. They make it easy for Nova Scotians to return their beverage containers for a refund. With a return rate of nearly 80%, Nova Scotia has one of the highest return rates in the world.

ACTION PLAN 2004-2005

- Administer a cost-effective deposit-refund system that maximizes the recycling of redeemable beverage containers in Nova Scotia.
- Ensure that beverage distributors comply with Solid Waste-Resource Management Regulations to provide the maximum environmental and economic benefits for the people of Nova Scotia.

In fiscal 2005, RRFB Nova Scotia and depot operators committed to establishing a new process for setting handling fees. RRFB Nova Scotia will continue to strive to build positive relationships with Enviro-Depots as part of our long-term strategic plan.

New Handling Fee System Set to Go

Last summer, RRFB Nova Scotia and the Brewers of Canada established an independent Handling Fee Committee to develop a system for setting handling fees paid to licensed ENVIRO-DEPOT™ operators for redeemable beverage containers and refillable beer bottles.

The committee's final report – released in March, 2005 – recommends a schedule of fees to be paid by RRFB Nova Scotia effective April 1 each year for the next three years as follows: 3.45 cents per container for 2005, 3.56 cents for 2006, and 3.63 cents in 2007. The Handling Fee Committee also made other recommendations that will be studied further by RRFB Nova Scotia and the Brewers of Canada.

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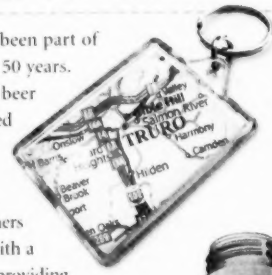
RECYCLING LTD

ENVIRO-DEPOT™ OF THE YEAR



Subway Bottle Exchange has been part of the Truro landscape for over 50 years. Originally a scrap metal and beer bottle dealer, Subway expanded to become an ENVIRO-DEPOT™ in 1996.

Subway serves 175-300 customers a day. Staff greet customers with a smile and are eager to help by providing educational material and details about local recycling programs. Subway Bottle Exchange is a model for Enviro-Depots around the province. Not only is it a well-run depot that keeps excellent records, Subway is an active member of the community – supporting charities and local groups. Their community and customer focus helped Subway Bottle Exchange win RRFB Nova Scotia's 2005 Mobius Environmental Award for ENVIRO-DEPOT™ of the Year.

Message in a Bottle

Nova Scotia's bottles and other beverage containers are set to travel the high seas of international commerce. A new five-year contract was awarded to Perac Industries (NS) Ltd. to transport recyclable materials from Enviro-Depots to Regional Processing Centres. The materials then journey on to local and world markets.

Mapping Out Improved Service Delivery

In the fall of 2004, RRFB Nova Scotia distributed a new ENVIRO-DEPOT™ Guidelines manual to all depot operators in the province. The manual, prepared by RRFB Nova Scotia with the cooperation of the Brewers of Canada and the ENVIRO-DEPOT™ Guidelines Committee, outlines operating procedures for managing an ENVIRO-DEPOT™. The new guidelines manual is designed to help operators become more efficient and consistent in the operation and management of their business. Good management is key to the success of the ENVIRO-DEPOT™ network, which is a vital part of Nova Scotia's waste reduction strategy. RRFB Nova Scotia will continue to fine-tune Nova Scotia's beverage container recycling program by searching out innovative ways to process containers which will improve the efficiency of the depot network.

St. Pierre et Miquelon – Casting the 'Net

With a long history of fishing and exploration, the French islands of St. Pierre et Miquelon added a modern twist to going global. Representatives from St. Pierre et Miquelon discovered RRFB Nova Scotia's waste reduction programs through an Internet search. A contingent from the French islands visited Nova Scotia in the spring of 2004 and later played host to a Nova Scotia delegation last fall. The goal of the partnership is to help St. Pierre et Miquelon establish a solid waste-resource strategy and help market the island's recycled products.

Paradise Recycled

Swaying palm trees. Warm breezes. Littered shorelines. Even tropical paradises face growing solid waste issues – and the Caribbean is no exception. Beverage containers, derelict vehicles and tires pollute shorelines, harm delicate island ecosystems and create unsightly landscapes. Last summer, Nova Scotia Environment and Labour signed an agreement to help the Eastern Caribbean states find solutions to some of their environmental problems. Representatives of eight Caribbean island states visited Nova Scotia last fall to tour our world-renowned waste diversion facilities.

Tagging Along

Developed by RRFB Nova Scotia in 1996, the Recovery Operations Collection and Payment System (or ROCAPS 2000™) tracks recyclables such as beverage containers, tires and paint using an advanced tag and scanner system. ROCAPS 2000™ continues to be a leading-edge tool for managing Nova Scotia's complex and integrated recycling network. RRFB Nova Scotia staff also provide ROCAPS 2000™ support services for Newfoundland's waste management programs.

MANDATE 3

Develop and Implement Voluntary Industry Stewardship Agreements

Leave nothing but footprints. It's a motto that responsible travellers have lived by for years. Whether it's car camping or hiking a wilderness trail, we have an obligation to clean up after ourselves – to leave no trace of our travels.

ACTION PLAN 2004-2005

- Administer the Used Tire Management and Paint Recycling Programs to ensure compliance with the Solid Waste-Resource Management Regulations and ensure that Nova Scotians receive maximum environmental and economic benefits.
- Work together with industry, municipalities and the Province to develop, implement and administer industry stewardship programs for Nova Scotia.

The same principle holds true for industry. RRFB Nova Scotia's stewardship programs encourage companies to take responsibility for recycling and end-of-life management of their products. Stewardship ensures diversion is top-of-mind at the beginning of a product's consumer cycle – so it's also a priority at the end. In fiscal 2005, RRFB Nova Scotia continued to advocate new ways to manage products from cradle to grave.

Ready-to-Serve Beverages Study

The growth in nutritional/dietary supplements – such as meal replacements, sports drinks and non-dairy drinks – is a growing challenge for the the province's deposit-refund program. In fiscal 2005, RRFB Nova Scotia funded a study to determine the feasibility of including these products in the deposit-refund system and promoting stewardship in this segment of the ready-to-serve beverage industry. Work is ongoing with industry to establish a voluntary approach to managing this solid waste-resource.

RECHARGE & RECYCLE

The Rechargeable Battery Recycling Corporation (RBRC) is serious about recycling products at the end of their useful life. RBRC first launched a return-to-retail recycling program for used rechargeable nickel cadmium batteries in 1997. Since then, the program has expanded to include all types of rechargeable batteries. Last fall, RBRC expanded the program to collect and recycle cell phones through the *Call2Recycle* program. In Nova Scotia, there are over 200 collection sites for used cell phones and rechargeable batteries. RBRC is an example of industry taking charge of recycling their products. Their proactive stewardship efforts earned them RRFB Nova Scotia's 2005 Mobius Environmental Award for Industry Steward of the Year.

In 2004, RBRC collected approximately 150 tons of used rechargeable batteries for recycling.

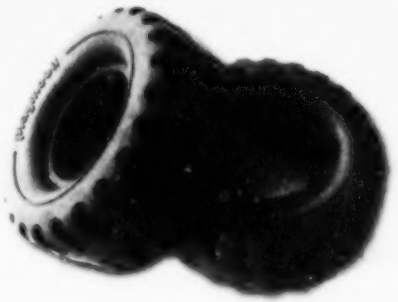
Shutting Off Electronic Waste

Nearly 4,500 tonnes of electronic waste – from computers, televisions and other products – will be thrown out in Nova Scotia this year. To look at ways of diverting electronic waste from landfills, RRFB Nova Scotia and Nova Scotia Environment and Labour (NSEL) worked with other industry and government groups to fund and conduct an Electronic Waste Recovery Study. A final report with recommendations for developing an Atlantic Canada E-Waste Program is expected in the fall of 2005.

On a parallel circuit, NSEL released draft regulations for public consultation in February 2004 for an Electronic Product Stewardship Program. The draft regulations outline requirements for brand owners to design products with the environment in mind, and restore and recycle old products. RRFB Nova Scotia and NSEL will include the Electronic Waste Recovery Study and public consultation input when developing a plan to recycle electronic waste in Nova Scotia.

Paint Recycling Program

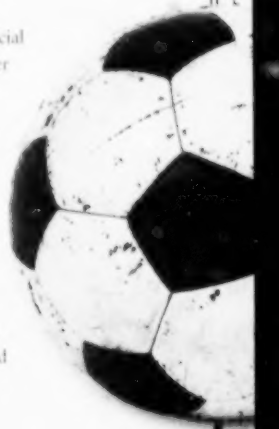
In fiscal 2005, Nova Scotians returned 302,000 litres of unused paint to Enviro-Depots and helped turn this resource into new *boomerang* brand paint products. The high return rate of 11.5% this year is due in part to increased advertising of the program across the province. However, the program faces some challenges. From a financial perspective, the revenue generated from eco-fees does not cover the cost of running the program. In addition, Enviro-Depots continue to receive a high percentage of materials that are not recyclable through the paint program.



Tire Recycling – Rolling Down the Road

RRFB Nova Scotia is exploring ways to recycle off-road tires and large truck tires as part of its ongoing tire recycling efforts. In fiscal 2005, stockpiles of old tires from previous years were cleaned up, which accounts for a decreased overall recovery rate from the previous year. Nova Scotia's Used Tire Management Program has recovered and diverted nearly 6.1 million tires since 1997. The tires are shredded and crumbed at Atlantic Recycled Rubber in Kemptown and re-used in a variety of value-added rubber products – like soccer fields – instead of ending up in landfill sites or scattered across fields and beaches.

Did you know that an artificial sports field contains rubber crumb made from approximately 20,000 used tires? In Nova Scotia, there are five artificial turf fields made from used tires collected and recycled through the Used Tire Management Program. Rubber crumb from used tires is also used for sports running tracks, playground equipment and patio tiles.



MANDATE 4

Develop Education and Awareness of Source Reduction, Reuse, Recycling and Composting

Even experienced travellers need a guide to help them plan their journey and provide useful tips and insights along the road. It's all about different ways of seeing the world, and new ways of learning about managing our resources.

Environmental education and awareness is an integral part of the journey toward a waste-less province. RRFB Nova Scotia provides ongoing educational resources and training for Nova Scotia's team of waste reduction educators that travel the province. Thanks to RRFB Nova Scotia and its partners' continuing efforts to promote recycling and composting, waste diversion is now considered a part of daily life in Nova Scotia.

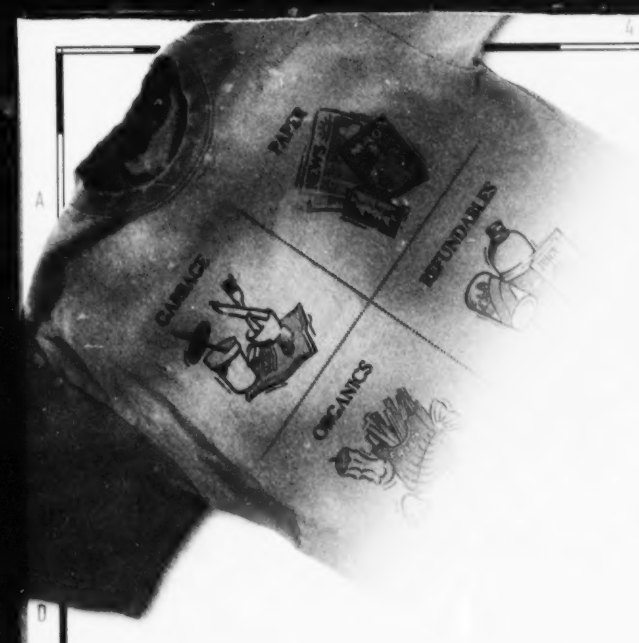
Being good to the environment – like recycling and using refillable travel mugs – brought its own rewards to Nova Scotians during Waste Reduction Week.

A Rewarding Waste Reduction Week

In October of 2004, Nova Scotians were rewarded for being good to the environment during Waste Reduction Week. Events included "Get Rewarded," which saw municipal educators hitting the streets and handing out prizes to people doing something good for the environment – like recycling or using a travel mug. Several contests and a host of other activities took place with the theme "Too Good to Waste." RRFB Nova Scotia organized these activities in cooperation with Clean Nova Scotia and municipal partners.

ACTION PLAN 2004-2005

- Work with municipalities, the Province and other stakeholders to promote education and awareness programs that encourage waste reduction, reuse, recycling and composting.
- Provide a clear and consistent message so stakeholders understand the Solid Waste-Resource Management Strategy.



WASTE DIVERSION: IT'S ELEMENTARY

One Nova Scotia school has a new take on dress codes and learning the "3Rs." Located just outside Antigonish, St. Andrews Consolidated School is an elementary school with 250 students. For the past few years, the school has had a Green Team of Grade Six students who collect and sort waste materials from classrooms. Students have reduced the amount of garbage that goes to the landfill by recycling 4 large bags of recyclables and composting 20 litres of organic material per week. Their efforts don't stop there. The school set new fashion trends by encouraging classes to sport recycled clothing during Environment Week. And outdated library books and magazines are recycled through a Take-a-Book home program. St. Andrews Consolidated School won the RRFB Nova Scotia's 2005 Mobius Environmental Award for School of the Year.

Nova Scotia Recycles Contest

During National Waste Reduction Week, RRFB Nova Scotia launched the Nova Scotia Recycles Contest. This year, students were challenged to consider the 3R's (reduce, reuse and recycle), composting or anti-litter as they created waste reduction posters, designed advertisements using old magazines, produced TV commercials, and wrote essays on diverting waste. The Nova Scotia Recycles Contest attracted nearly 6,000 entries from students across the province. The contest celebrated the role that youth play in making Nova Scotia a leader in waste reduction. Over $28,000 in cash and prizes was awarded to winning students and their schools at regional celebrations held across the province.

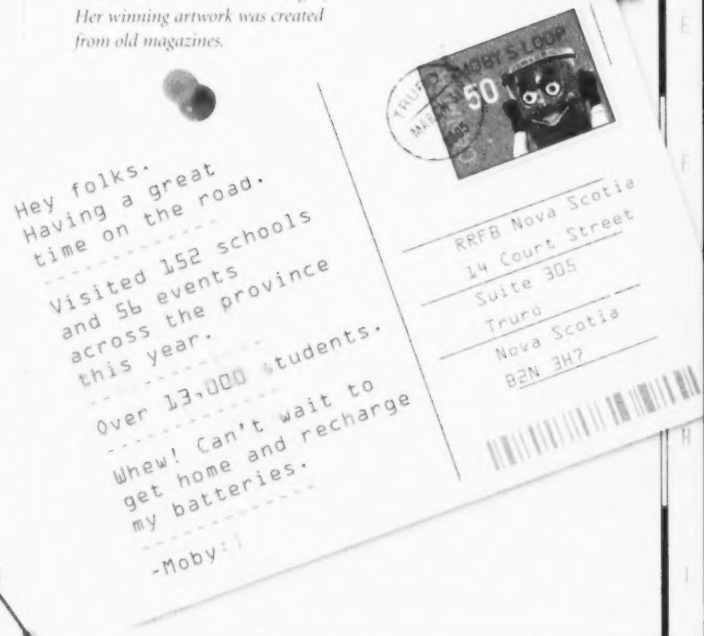
Environment Week 2004: A real pick-me-up

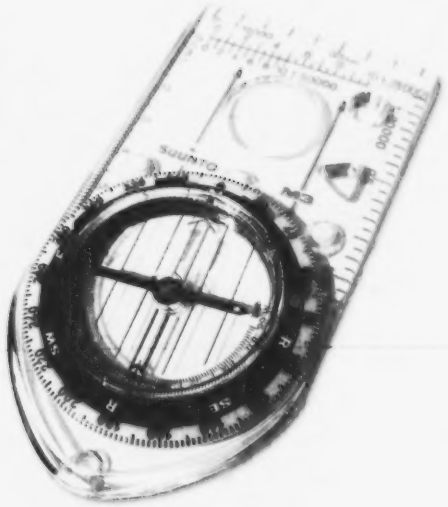
They say litter can't pick itself up. That's why RRFB Nova Scotia – along with Clean Nova Scotia and Adopt-a-Highway – challenged Nova Scotians to pitch-in during Environment Week, May 30 - June 5, 2004. Everyone across the province was encouraged to remove litter from around their neighbourhood, school, local park or beach. Cleaning up during Environment Week helps Nova Scotians pick up a good habit throughout the year.

What's the Coefficient of Eco-Efficiency?

This year, the Nova Scotia Materials Exchange (www.nsmaterials.com) – managed by RRFB Nova Scotia and Dalhousie University's Eco-Efficiency Centre – continued to provide easy access to buy, sell or trade surplus items that might otherwise be landfilled. RRFB Nova Scotia also worked with the Eco-Efficiency Centre to bring an environmental engineer from the Caribbean to Nova Scotia for a waste-reduction internship program.

Lauren Purdy of Central Colchester Junior High was the provincial winner of the Nova Scotia Recycles School Contest in the Grade 7-9 category. Her winning artwork was created from old magazines.





Promote the Development of Value-Added Manufacturing in Nova Scotia

There are tourists, and then there are travellers – people who seek out new ways to explore the world and create something of value from their experience.

Nova Scotia has developed a worldwide reputation for its innovative recycling and composting programs. Part of Nova Scotia's success lies with entrepreneurs that have developed unique ways of converting waste materials into valuable products or services. In fiscal 2005, RRFB Nova Scotia continued on its journey to help businesses and not-for-profit organizations turn materials once destined for the landfill into new products.

ACTION PLAN 2004-2005

- Support the re-processing and re-manufacturing of materials recovered from municipal waste disposal.
- Provide financial assistance to develop value-added products from these recovered materials.

Recycled Cycles

Halifax's Ideal Bikes services, repairs, and sells used bicycles. This small business received funding from RRFB Nova Scotia to expand its operation and offer additional services. These include a "do-it-yourself" repair shop and a small fleet of rental bikes for tourists. Ideal Bikes recovers and sells approximately 500 bikes a year, translating to 7 to 13 tonnes of material diverted from the landfill annually.

RRFB Nova Scotia contributed funding to the Ecology Action Centre's Bike Again! Community Project, which included conducting workshops on how to establish a Bike Again! program, a bike art show and this workbook.

ROOM AT THE INN

Chanterelle Country Inn and Cottages, is located on the Cabot Trail near Baddeck. The Inn is one of only two establishments in Nova Scotia awarded a four-leaf rating with the Audubon Green Leaf Eco Program. The owner's philosophy is simple: Make guests comfortable in an environmentally-friendly setting. The Inn uses the latest innovations in waste reduction and energy efficiency – including solar power. In addition, visitors are treated to cuisine made from locally-grown food. Chanterelle Country Inn is a model eco-tourism facility that combines environmental sensitivity with Cape Breton hospitality. Chanterelle Country Inn and Cottages received RRFB Nova Scotia's 2005 Mobius Environmental Award for Small Business of the Year.

Recycled plastic containers processed by Novapet Inc. can be turned into new products like this pencil case made from Eco-Spun material that features an award-winning design by Nurie Kim of Antigonish.

New Funding Programs

To help benefit universities, entrepreneurs and small businesses, two new funding programs were approved by RRFB Nova Scotia in June of 2004: Special Projects and Research & Development. The funding will help projects break new ground – either with processes, products or devices – in diverting materials from the waste stream. As more and more new types of materials enter the waste stream each year, these programs will help Nova Scotia stay ahead of the solid waste curve.

A New Package Deal

Ever wonder how much packaged food waste is created in Nova Scotia, and how it can be better managed? To help answer this question RRFB Nova Scotia funded a study to examine the sources of packaged food waste in Nova Scotia – and the technologies available to process it. The study also looked at the feasibility of establishing a de-packaging facility in Nova Scotia. Various packaging practices of dairies, grocery stores, food supply companies, food banks and hog farmers were also explored.

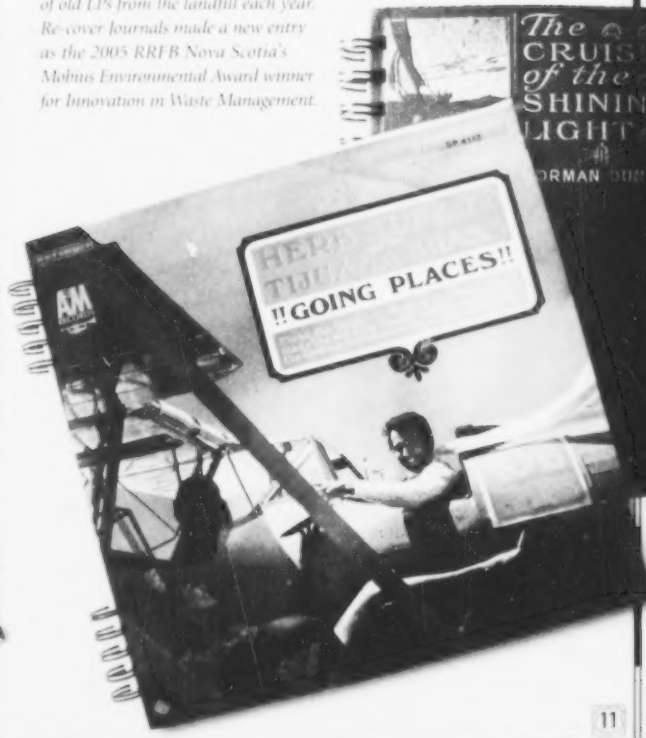
PET Projects

Novapet Inc., located in Amherst, recycles post-consumer plastic containers into plastic flake and markets it to international recyclers who then transform it into new products such as clothing and carpets. Novapet continues to improve its profit margin by adding innovative production equipment, which will increase the value of the plastic PET sold to market. Novapet representatives sit on the technical committee of the Association of Post Consumer Plastic Recyclers that meet regularly to investigate trends in recycling technology.

Yesterday's News, Tomorrow's Insulation

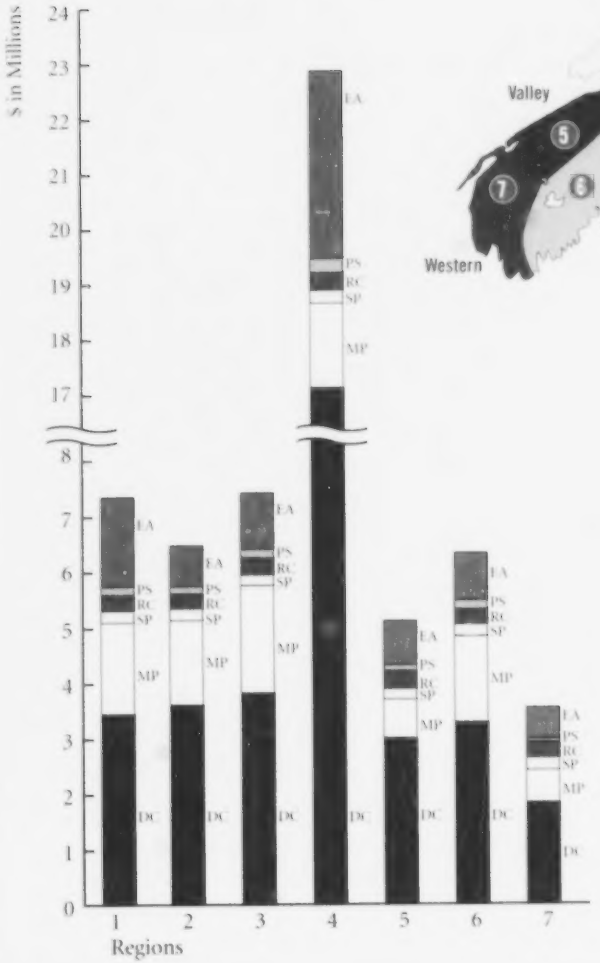
Thermo-Cell Industries Limited manufactures thermal and acoustical insulation, specialty fibres and hydroseeding mulch. In fiscal 2005, RRFB Nova Scotia provided loan assistance to Thermo-Cell for expansion of their plant in Debert. The expansion will help the company increase their capacity to recycle more newsprint and cellulose fibre products, which are converted into Weathershield home insulation and Celumulch, used for landscape hydroseeding.

Re-cover Journals: the Write Stuff
Re-cover Journals, located in Halifax, is an inspiration to all of us who reuse and recycle. The company transforms used hardcover books and records into new and innovative journals and photo albums. Using simple technology and leaving nothing to waste, Re-cover Journals diverts about 900 kg of old books and 140 kg of old LPs from the landfill each year. Re-cover Journals made a new entry as the 2005 RRFB Nova Scotia's Mobius Environmental Award winner for Innovation in Waste Management.



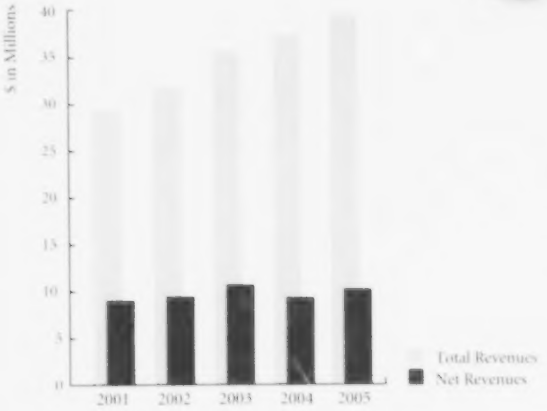
AT A GLANCE

Municipal Funding from RRFB Nova Scotia across our seven regions, 1997–2005

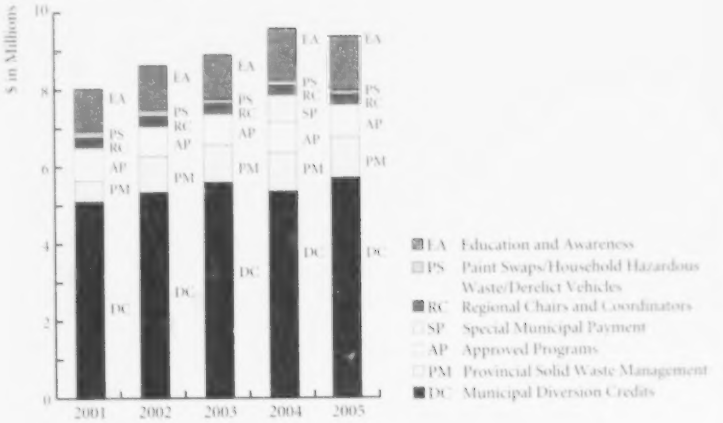


Operating Results & Distribution of Net Revenues

Operating Results



Distribution of Net Revenues


$ in Millions
EA Education and Awareness
PS Paint Swaps/Household Hazardous Waste/Derelict Vehicles
RC Regional Chairs and Coordinators
SP Special Municipal Payment
AP Approved Programs
PM Provincial Solid Waste Management
DC Municipal Diversion Credits

Financial Reports

AUDITORS' REPORT

To the Board of Directors of the Resource Recovery Fund Board Inc.

We have audited the combined statement of financial position of the Resource Recovery Fund Board Inc. and Resource Recovery Fund as at March 31, 2005 and the combined statements of operations, changes in net resources and cash flows for the year then ended. These combined financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of the Resource Recovery Fund Board Inc. and Resource Recovery Fund as at March 31, 2005 and the combined results of its operations, changes in net resources and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Truro, Nova Scotia
May 20, 2005

Grant Thornton LLP
Chartered Accountants

COMBINED STATEMENT OF OPERATIONS

Year Ended March 31, 2005	Budget 2005	2005	Restated 2004
Revenues			
Deposits	$ 31,237,100	$ 30,886,475	$ 29,826,716
Sales of recyclable materials	3,604,800	3,755,167	3,077,980
Stewardship	1,008,500	1,046,275	961,164
Tire program	2,960,100	3,215,205	3,055,263
Rental Income	184,800	184,800	-
Investment and other income	477,800	310,502	359,380
Total revenues	39,473,100	39,398,424	37,280,503
Expenses			
Operating	27,706,400	26,745,513	25,994,518
Administrative	1,695,100	1,572,324	1,441,003
Other expenditures and allocations			
Approved program grants	1,520,000	1,065,945	1,389,450
Education and awareness	1,750,000	1,435,595	1,380,051
Regional coordinators	250,000	250,000	244,500
Derelict vehicle program	100,000	55,776	69,527
Household hazardous waste program	70,000	70,000	38,711
Municipal Solid Waste Diversion	5,050,000	5,592,000	5,342,160
Province of Nova Scotia	1,010,000	1,118,000	996,500
Research, development and special projects	350,000	-	-
Special municipal allocations	-	-	700,000
	39,501,500	37,905,153	37,596,420
Net revenue (expenditure) before equity earnings	(28,400)	1,493,271	(315,917)
Equity in net profit of a business enterprise	-	44,056	37,278
Excess of revenues over expenditures (expenditures over revenues)	$ (28,400)	$ 1,537,327	$ (278,639)

See accompanying notes to the combined financial statements

COMBINED STATEMENT OF CHANGES IN NET RESOURCES

Year Ended March 31	Invested in Capital Assets	Invested in Value-added Manufacturing	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	2005 Total	Restated 2004 Total
Balance, beginning of year as previously reported	$ 854,663	$ 241,123	$ 3,195,344	$ 2,252,999	$ -	$ 6,544,129	$ 5,956,275
Adjustment of prior years (Note 3)	-	-	-	2,100,632	-	2,100,632	2,967,125
As restated	854,663	241,123	3,195,344	4,353,631	-	8,644,761	8,923,400
Excess (deficiency) of revenue over expenses	(308,755)	44,056	-	-	1,802,026	1,537,327	(278,639)
Investment in capital assets	1,404,478	-	(1,200,000)	-	(204,478)	-	-
	1,950,386	285,179	1,995,344	4,353,631	1,597,548	10,182,088	8,644,761
Internal transfers from (to)	-	-	-	5,814,610	(5,814,610)	-	-
Education and awareness	-	-	-	(1,435,595)	1,435,595	-	-
Regional co-ordinators	-	-	-	(250,000)	250,000	-	-
Approved programs	-	-	-	(1,065,945)	1,065,945	-	-
Release of approved programs for diversion	-	-	-	(221,746)	221,746	-	-
Nova Scotia Department of Environment and Labour	-	-	-	(1,118,000)	1,118,000	-	-
Derelict vehicle program	-	-	-	(55,776)	55,776	-	-
Household hazardous waste program	-	-	-	(70,000)	70,000	-	-
Balance, end of year	$ 1,950,386	$ 285,179	$ 1,995,344	$ 5,951,179	$ -	$ 10,182,088	$ 8,644,761
Restricted for approved programs represented by:							
Committed funds (Note 8 (b))				$ 1,714,172			
Uncommitted funds				4,237,007			
				$ 5,951,179			

See accompanying notes to the combined financial statements

COMBINED STATEMENT OF FINANCIAL POSITION

March 31	2005	Restated 2004
Financial assets		
Cash and cash equivalents	$ 14,535,054	$ 15,295,688
Receivables	3,042,079	2,924,762
Accrued receivable	233,278	56,444
Note receivable from a business enterprise (Note 4)	185,145	185,145
Investment in a business enterprise (Note 5)	285,179	241,123
	18,280,735	18,703,162
Financial liabilities		
Payables and accruals	940,579	1,424,993
Municipal solid waste diversion credits payable	5,592,000	6,042,160
Unearned revenue	3,848,500	3,780,600
	10,381,079	11,247,753
Net financial resources	7,899,656	7,455,409
Non-financial assets		
Inventory	141,308	84,118
Prepaids	190,738	250,571
Property and equipment (Note 6)	1,890,156	767,937
Organizational costs, net of accumulated amortization	60,230	86,726
	2,282,432	1,189,352
Net resources (Note 10)	$ 10,182,088	$ 8,644,761

Commitments (Note 8)

On Behalf of the Board

Lloyd Matheson, Director

Richard G. Ramsay, Director

COMBINED STATEMENT OF CASH FLOWS

Year Ended March 31	2005	Restated 2004
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenues over expenditures (expenditures over revenues)	$ 1,537,327	$ (278,639)
Equity in net profit of a business enterprise	(44,056)	(37,278)
Depreciation and amortization	324,847	302,889
(Gain) loss on sale of equipment	(16,091)	4,129
	1,802,027	(8,899)
Change in non-cash operating working capital		
Receivables	(294,151)	295,595
Inventory	(57,190)	(4,767)
Prepaids	59,833	(117,094)
Payables and accruals	(934,574)	659,784
Unearned revenue	67,900	374,300
	643,845	1,198,919
Investing		
Proceeds from sale of equipment	31,606	17,134
Purchase of		
Equipment	(264,143)	(204,558)
Property	(1,171,942)	-
Issuance of note receivable to an affiliated company	-	(35,145)
	(1,404,479)	(222,569)
Net (decrease) increase in cash and cash equivalents	(760,634)	976,350
Cash and cash equivalents, beginning of year	15,295,688	14,319,338
Cash and cash equivalents, end of year	$ 14,535,054	$ 15,295,688

See accompanying notes to the combined financial statements

NOTES TO THE COMBINED FINANCIAL STATEMENTS

March 31, 2005

1. Nature of operations

The Resource Recovery Fund Board Inc. is a not-for-profit organization established by the Nova Scotia government to develop and administer industry stewardship programs that increase waste diversion, enable the establishment of new industries based on the processing of materials diverted from the waste stream, and provide incentives to the people of Nova Scotia to reduce, reuse, recycle and compost.

Under regulation, all revenues earned are deposited to the Resource Recovery Fund, which is the property of the Province of Nova Scotia. All expenditures incurred by the Resource Recovery Fund Board Inc. to operate, administer and fulfil the mandates of the Province of Nova Scotia Solid Waste Management Strategy are expenditures of the Resource Recovery Fund. Accordingly all assets, liabilities and net resources reported in these financial statements are the property of the Resource Recovery Fund and are held on behalf of the Province of Nova Scotia by the Resource Recovery Fund Board Inc.

2. Summary of significant accounting policies

Basis of presentation
The combined financial statements include the accounts of the Resource Recovery Fund Board Inc. and the Resource Recovery Fund. Significant inter-entity loans and transactions have been eliminated in these combined financial statements. These combined financial statements are the representations of management prepared in accordance with generally accepted accounting principles for provincial governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires the organization's management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Actual results could differ from those reported.

Revenue recognition
Resource Recovery Fund follows the deferral method of accounting for revenue.

Depreciation
Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Building	5%, straight line
Field equipment	20%, straight line
Office and warehouse equipment	20%, straight line
Computer hardware and software	33⅓%, straight line
Containers	
- Bags	33⅓%, straight line
- Tubs	10%, straight line
Vehicles	33⅓%, straight line

Inventory
Inventory is valued at the lower of cost and net realizable value.

Investment in a business enterprise
The Fund accounts for an investment in a business enterprise using the modified equity method.

Unearned revenue
Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

2. Summary of significant accounting policies (continued)

Organizational costs
Organizational costs for new programs are amortized on a straight line basis over five years.

Forgivable loans
Forgivable loans for approved programs are shown as an expenditure when issued. If the terms and conditions of these loans are not met then any recovery would be recognized at that time. At March 31, 2005 the outstanding balance of forgivable loans is $197,157.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments
Financial instruments include cash and cash equivalents, receivables, investment in a business enterprise, note receivable from a business enterprise, payables and accruals and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments are at least their carrying values.

Income taxes
The organization is exempt from income taxes under Section 149(1)(d) of the *Canadian Income Tax Act*.

3. Restatement of prior years

a) During the year, the organization adopted the provincial government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The change was adopted retroactively and as a result, changes were made to amounts previously recorded. As a result, excess of revenues over expenses for 2004 decreased by $10,160,899 and inter-entity transfers decreased by $10,160,899. Accordingly, the balance of net resources at March 31, 2004 remained the same.

b) The Fund previously recorded specific approved programs as liabilities at the time of approval. In accordance with Public Sector Accounting Principles, the Fund currently recognizes approved program expenditures when funding becomes payable under the terms of the funding contract. Retroactive applications of this change in policy has resulted in a restatement of prior periods. As a result, the March 31, 2004 figures, presented for comparative purposes, have been restated from those previously reported to reflect a decrease in accounts payable of $2,100,632; an increase in net resources beginning of year of $2,967,125; and an increase in approved program expense of $866,493.

4. Note receivable from a business enterprise

	2005	2004
Note receivable from Novapet Inc., due March 31, 2005, bearing interest at the prime commercial lending rate.	$ 163,865	$ 163,865
Non-interest bearing note receivable from Novapet Inc., due March 31, 2005.	21,280	21,280
	$ 185,145	$ 185,145

Based on the terms of these agreements, the notes receivable were due March 31, 2005. However, at March 31, 2005, no amounts have been received.

5. Investment in a business enterprise

Resource Recovery Fund has a 60.8% ownership in Novapet Inc., a company that processes polyethylene terephthalate (PET) plastic beverage bottles into a flake for resale.

Novapet Inc. is accounted for in these combined financial statements using the modified equity method. Financial summaries of Novapet Inc. as at March 31, 2005 are as follows:

Financial Position	
Total assets	$ 1,430,975
Total liabilities	$ 891,776
Shareholders' equity	539,199
	$ 1,430,975

Results of Operations	
Total revenues	$ 4,564,715
Total costs of goods sold and expenses	4,492,254
Net profit	$ 72,461

Cash Flows	
Cash from operations	$ 164,729
Cash used in financing activities	(103,965)
Cash used in investing activities	(154,838)
Decrease in cash and cash equivalents	$ (94,074)

6. Property and equipment

	Cost	Accumulated Depreciation	2005 Net Book Value	2004 Net Book Value
Land	$ 282,000	$ –	$ 282,000	$ –
Field equipment	238,636	170,599	68,037	91,516
Building	889,942	40,620	849,322	–
Office and warehouse equipment	98,589	88,592	9,997	13,044
Containers	1,277,237	694,455	582,782	542,047
Leasehold improvements	12,407	9,508	2,899	4,675
Computer hardware and software	488,549	449,097	39,452	40,560
Vehicles	140,403	84,736	55,667	76,095
	$ 3,427,763	$ 1,537,607	$ 1,890,156	$ 767,937

7. Banking facilities

The Fund has an operating line of credit of $2,500,000, all of which is unused at March 31, 2005.

8. Commitments

(a) The Fund has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next two years on these leases are as follows:

2006	$ 96,164
2007	$ 10,067

(b) The Resource Recovery Fund has entered into agreements with specific organizations and businesses to provide funding for various recycling programs across Nova Scotia. At March 31, 2005, $1,714,172 of the restricted for approved programs resources has been committed under these agreements.

9. Related party transactions

During the year, the Fund had the following transactions with a business enterprise:

(a) Sold polyethylene terephthalate (PET) plastic beverage bottles and other recyclable product in the amount of $795,682 (2004 - $681,457) to a business enterprise. Included in trade accounts receivable is $135,447 (2004 - $79,395) owing from a business enterprise relating to these sales.

(b) During the year, the Fund has recorded interest revenue of $6,570 (2004 - $11,958) from a business enterprise.

(c) During the year, the Fund received rental income of $184,800 from a business enterprise.

(d) Included in payables is $2,269 (2004 - $44,213) owing to a business enterprise.

(e) Included in deferred revenue is $16,800 in rent received from a business enterprise.

(f) Incurred processing fees of $29,480 (2004 - $29,200) to a business enterprise.

10. Restrictions on net resources

Net resources under the Resource Recovery Fund have been internally restricted for the following purposes:

(a) Invested in value-added manufacturing – represents the amount internally restricted for the investment in a value-added manufacturing company, Novapet Inc.

(b) Restricted for future projects – represents the amount internally restricted for funding various future projects as approved by the board and in accordance with the goals and objectives of the Resource Recovery Fund.

(c) Restricted for approved programs – represents the amount internally restricted for various recycling programs and initiatives in accordance with the goals and objectives of the Resource Recovery Fund. Of the amount internally restricted, $1,714,172 has been committed by the board to assist in the funding of various recycling programs across Nova Scotia.

BOARD OF DIRECTORS

Richard G. Ramsay
President, Richard G. Ramsay Management Consultants Inc.
Chair and Acting CEO

Lloyd Matheson
Councillor, Municipality of East Hants
Member of the Executive Committee

Gerard MacLellan
Executive Director of Environmental
Monitoring and Compliance Division
Nova Scotia Environment and Labour
Member of the Executive Committee

Dwight Whynot
President, Scotia Recycling Ltd.
Executive Vice-President
Minas Basin Pulp & Power Co. Ltd.
Member of the Executive Committee

Mike Blanchard
President, Blanchard's Grocery Stores Ltd. (Retired)

Richie Cotton
Chair
Nova Scotia Solid Waste-Resource Management
Regional Chairs' Committee

John O'Donnell
President
Copol International

Jennifer Corson, M. Arch.
President
Renovators Resource Inc.

Joann Perrott
Regional Circulation Sales Manager
Eastern Canada, The Globe and Mail

Tim Dietrich
Dealer Operations
Home Hardware Stores Ltd.

Poul Thomsen
Project Engineer
(Retired)

Brian Miller
General Manager
Miller Tire Services Ltd.

Code of Conduct Compliance

The Resource Recovery Fund Board Inc.'s (RRFB) Board of Directors and management have reviewed the Company's Code of Conduct and are satisfied that the Board of Directors' approach to corporate governance is consistent with the Code

Creative + Project Management: Data Communications Design: Nocturnal Design Printing: Transcontinental Dartmouth, Nova Scotia

RRFB NOVA SCOTIA'S MISSION

Ensure that the people of Nova Scotia receive the maximum environmental and economic benefits associated with responsible solid waste management by developing and administering sustainable industry stewardship programs that increase diversion, assist in the establishment of new industries based on the processing of materials diverted from the waste stream, and provide incentives to residents to reduce, reuse, recycle and compost.

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